

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

1

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 11/13/2003 2:24:25 PM

	1
1. FOR THE QUARTER ENDING:	September 30, 2003
2. Name:	ALAMEDA ALLIANCE FOR HEALTH
3. File Number:(Enter last three digits) 933-0	328
4. Date Incorporated or Organized:	March 29, 1994
5. Date Licensed as a HCSP:	September 19, 1995
6. Date Federally Qualified as a HCSP:	N/A
7. Date Commenced Operation:	January 1, 1996
8. Mailing Address:	1240 SOUTH LOOP ROAD, ALAMEDA, CA 94502
9. Address of Main Administrative Office:	1240 SOUTH LOOP ROAD, ALAMEDA, CA 94502
10. Telephone Number:	510-747-4500
11. HCSP's ID Number:	94-3216947
12. Principal Location of Books and Records:	1240 SOUTH LOOP ROAD, ALAMEDA, CA 94502
13. Plan Contact Person and Phone Number:	KELVIN QUAN, 510-747-4572
14. Financial Reporting Contact Person and Phone Number:	DARLA MARCOMB, 510-747-4555 X4037
15. President:*	DAMITA DAVIS-HOWARD
16. Secretary:*	KELVIN QUAN
17. Chief Financial Officer:*	KELVIN QUAN
18. Other Officers:*	JULIAN DAVIS, VICE-CHAIR
19.	
20.	
21.	
22. Directors:*	GAIL STEELE
23.	JULIAN DAVIS
24.	TONY PAAP
25.	DAMITA DAVIS-HOWARD
26.	JANE GARCIA
27.	JOHN NORTON
28.	RALPH CORNEJO
29.	LINDA CHASE-STROUD
30.	MICHAEL <input type="checkbox"/> NEY
31.	PAMELA GUMBS <input type="checkbox"/>

<p>The Check My Work. rough 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.</p>	
32. President	DAMITA DAVIS-HOWARD
33. Secretary	KELVIN QUAN
34. Chief Financial Officer	KELVIN QUAN
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. Check if this is a revised filing, and complete question 7 on page 2:	
36. If all dollar amounts are reported in thousands (000), check here:	

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

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QUARTERLY FINANCIAL REPORTING FORM
SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	No <input type="button" value="v"/>
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No <input type="button" value="v"/>
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No <input type="button" value="v"/>
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	Yes <input type="button" value="v"/>
5.	Are there any significant changes reported on Schedule G, Section III?	No <input type="button" value="v"/>
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	16,395,430
2. Short-Term Investments	5,097,189
3. Premiums Receivable - Net	1,003,021
4. Interest Receivable	334,682
5. Shared Risk Receivables - Net	0
6. Other Health Care Receivables - Net	496,413
7. Prepaid Expenses	226,065
8. Secured Affiliate Receivables - Current	0
9. Unsecured Affiliate Receivables - Current	0
10. Aggregate Write-Ins for Current Assets	0
11. TOTAL CURRENT ASSETS (Items 1 to 10)	23,552,800
OTHER ASSETS:	
12. Restricted Assets	766,534
13. Long-Term Investments	27,223,304
14. Intangible Assets and Goodwill - Net	0
15. Secured Affiliate Receivables - Long-Term	0
16. Unsecured Affiliate Receivables - Past Due	0
17. Aggregate Write-Ins for Other Assets	0
18. TOTAL OTHER ASSETS (Items 12 to 17)	27,989,838
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	6,891,446
20. Furniture and Equipment - Net	571,423
21. Computer Equipment - Net	768,463
22. Leasehold Improvements -Net	0
23. Construction in Progress	0
24. Software Development Costs	0
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	8,231,332
27. TOTAL ASSETS	59,773,970
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001.	
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701.	
1702.	
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	5,553	XXX	5,553
2. Capitation Payable	0	XXX	0
3. Claims Payable (Reported)	6,293,899	128,447	6,422,346
4. Incurred But Not Reported Claims	11,422,565	233,114	11,655,679
5. POS Claims Payable (Reported)	0	0	0
6. POS Incurred But Not Reported Claims	0	0	0
7. Other Medical Liability	4,813,633	0	4,813,633
8. Unearned Premiums	2,050,039	XXX	2,050,039
9. Loans and Notes Payable	0	XXX	0
10. Amounts Due To Affiliates - Current	0	XXX	0
11. Aggregate Write-Ins for Current Liabilities	755,098	0	755,098
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	25,340,787	361,561	25,702,348
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	0	XXX	0
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	0	XXX	0
19. TOTAL LIABILITIES	25,340,787	361,561	25,702,348
NET WORTH			
20. Common Stock	XXX	XXX	0
21. Preferred Stock	XXX	XXX	0
22. Paid In Surplus	XXX	XXX	0
23. Contributed Capital	XXX	XXX	840,233
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	33,231,389
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	34,071,622
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	59,773,970
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Payroll Liabilities	546,560	0	546,560
1102. Community Health Investment Fund	108,700	0	108,700
1103. Other Accrued Expenses	99,838	0	99,838
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	755,098	0	755,098
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701.		XXX	0
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0	XXX	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501.	XXX	XXX	
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
REVENUES:		
1. Premiums (Commercial)	2,534,749	2,534,749
2. Capitation	0	0
3. Co-payments, COB, Subrogation	0	0
4. Title XVIII - Medicare	0	0
5. Title XIX - Medicaid	30,412,698	30,412,698
6. Fee-For-Service	0	0
7. Point-Of-Service (POS)	0	0
8. Interest	124,418	124,418
9. Risk Pool Revenue	0	0
10. Aggregate Write-Ins for Other Revenues	494	494
11. TOTAL REVENUE (Items 1 to 10)	33,072,359	33,072,359
EXPENSES:		
Medical and Hospital		
12. Inpatient Services - Capitated	870,301	870,301
13. Inpatient Services - Per Diem	0	0
14. Inpatient Services - Fee-For-Service/Case Rate	8,309,701	8,309,701
15. Primary Professional Services - Capitated	3,657,965	3,657,965
16. Primary Professional Services - Non-Capitated	2,068,585	2,068,585
17. Other Medical Professional Services - Capitated	7,103,510	7,103,510
18. Other Medical Professional Services - Non-Capitated	3,616,670	3,616,670
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	1,613,306	1,613,306
20. POS Out-Of-Network Expense	0	0
21. Pharmacy Expense - Capitated	60,569	60,569
22. Pharmacy Expense - Fee-for-Service	3,812,500	3,812,500
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	2,131,316	2,131,316
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	33,244,423	33,244,423
Administration		
25. Compensation	1,444,079	1,444,079
26. Interest Expense	0	0
27. Occupancy, Depreciation and Amortization	120,224	120,224
28. Management Fees	0	0
29. Marketing	209,047	209,047
30. Affiliate Administration Services	0	0
31. Aggregate Write-Ins for Other Administration	826,096	826,096
32. TOTAL ADMINISTRATION (Items 25 to 31)	2,599,446	2,599,446
33. TOTAL EXPENSES	35,843,869	35,843,869
34. INCOME (LOSS)	-2,771,510	-2,771,510
35. Extraordinary Item		
36. Provision for Taxes		
37. NET INCOME (LOSS)	-2,771,510	-2,771,510
NET WORTH:		
38. Net Worth Beginning of Period	36,843,132	36,843,132
39. Audit Adjustments		
40. Increase (Decrease) in Common Stock		
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus		
43. Increase (Decrease) in Contributed Capital		
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	-2,771,510	-2,771,510
46. Dividends to Stockholders		
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	34,071,622	34,071,622

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001. Donations	0	0
1002. Other Revenue	494	494
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	494	494
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301. Other Medical Benefits and Services	931,939	931,939
2302. Reinsurance Expense (net of recoveries)	440,326	440,326
2303. Riak Sharing Expense	759,051	759,051
2304.		
2305.		
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	2,131,316	2,131,316
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101. See Sheet2	826,096	826,096
3102.		
3103.		
3104.		
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	826,096	826,096
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

REPORT #3: STATEMENT OF CASH FLOWS

1	2	3
	Current Period	Year-to-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
1. Group/Individual Premiums/Capitation	2,542,155	2,542,155
2. Fee-For-Service	0	0
3. Title XVIII - Medicare Premiums	0	0
4. Title XIX - Medicaid Premiums	39,745,187	39,745,187
5. Investment and Other Revenues	151,871	151,871
6. Co-Payments, COB and Subrogation	0	0
7. Medical and Hospital Expenses	-29,463,825	-29,463,825
8. Administration Expenses	-3,584,860	-3,584,860
9. Federal Income Taxes Paid	0	0
10. Interest Paid	0	0
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	9,390,528	9,390,528
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
12. Proceeds from Restricted Cash and Other Assets	0	0
13. Proceeds from Investments	-131,687	-131,687
14. Proceeds for Sales of Property, Plant and Equipment	0	0
15. Payments for Restricted Cash and Other Assets	150,000	150,000
16. Payments for Investments	0	0
17. Payments for Property, Plant and Equipment	-72,711	-72,711
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-54,398	-54,398
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
19. Proceeds from Paid in Capital or Issuance of Stock	0	0
20. Loan Proceeds from Non-Affiliates	0	0
21. Loan Proceeds from Affiliates	0	0
22. Principal Payments on Loans from Non-Affiliates	0	0
23. Principal Payments on Loans from Affiliates	0	0
24. Dividends Paid	0	0
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	9,336,130	9,336,130
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	7,059,300	7,059,300
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	16,395,430	16,395,430
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
30. Net Income	-2,771,510	-2,771,510
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
31. Depreciation and Amortization	181,758	181,758
32. Decrease (Increase) in Receivables	9,894,459	9,894,459
33. Decrease (Increase) in Prepaid Expenses	-123,858	-123,858
34. Decrease (Increase) in Affiliate Receivables	0	0
35. Increase (Decrease) in Accounts Payable	5,553	5,553
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	3,060,231	3,060,231
37. Increase (Decrease) in Unearned Premium	192,762	192,762
38. Aggregate Write-Ins for Adjustments to Net Income	-1,048,867	-1,048,867
39. TOTAL ADJUSTMENTS (Items 31 through 38)	12,162,038	12,162,038
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	9,390,528	9,390,528
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801. Accrued Expenses	-1,041,133	-1,041,133
3802. Payroll Liabilities	-7,734	-7,734
3803. Community Health Investment Fund	0	0
3898. Summary of remaining write-ins for Item 38 from overflow page		
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-1,048,867	-1,048,867

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE**TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	2,882	403	216	3,069	8,961	1,815	1,613	3,428	79	106	4.39
2. Medicare Risk	0	0	0	0	0	0	0	0	0		0.00
3. Medi-Cal Risk	72,733	7,121	5,703	74,151	220,878	46,315	44,910	91,225	2,128	116	2.94
4. Individual	7,800	424	873	7,351	22,893	4,240	3,122	7,362	213	112	3.44
5. Point of Service	0	0	0	0	0	0	0	0	0		0.00
6. Aggregate write-ins for Other	9,179	1,015	940	9,254	27,878	3,178	1,704	4,882	27	12	
7. Total Membership	92,594	8,963	7,732	93,825	280,610	55,548	51,349	106,897	2,447	105	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0				0			
602. Healthy Families	9,179	1,015	940	9,254	27,878	3,178	1,704	4,882	27	12	2.46
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699. 698) (Line 6 above)	9,179	1,015	940	9,254	27,878	3,178	1,704	4,882	27	12	

** Separate Healthy Families Data unavailable at time of submission. Revised filing to be submitted by 9/30/03

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. See Sheet1		16,393,930
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		16,393,930
10. Cash on Hand (Petty Cash)		1,500
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		16,395,430

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. Bank of the West	13-000-324	300,000
13. Bank of the West	602002503	466,534
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		766,534

* Indicate the Balance Per the HMO's Records

**

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	None					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
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21.						0
22.						0
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24.						0
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26.						0
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28.						0
29.						0
30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	None					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
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18.						0
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27.						0
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30.						0
31.						0
32.						0
33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

1 Name of Debtor		2 1-30 Days	3 31-60 Days	4 61-90 Days	5 91-120 Days	6 Over 120 Days	7 Total
1.	None						0
2.							0
3.							0
4.							0
5.							0
6.							0
7.							0
8.							0
9.							0
10.							0
11.							0
12.							0
13.							0
14.							0
15.							0
16.							0
17.							0
18.							0
19.							0
20.							0
21.							0
22.							0
23.	Aggregate Accounts Not Individually Listed - Due						0
24.	Total	0	0	0	0	0	0

**

SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims	1,946,094	7,945,553	9,891,647
2. Physician Claims	3,650,779	1,911,753	5,562,532
3. Referral Claims	258,729	480,498	739,227
4. Other Medical	566,744	1,317,875	1,884,619
5. TOTAL	6,422,346	11,655,679	18,078,025

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11. September 1, 2003	17,000	31,000	16,000	9,000	-6,000	17,000
12. August 1, 2003	21,000	29,000	17,000	10,000	-6,000	17,000
13. July 1, 2003	20,000	32,000	21,000	11,000	1,000	21,000
14. June 1, 2003	17,000	31,000	20,000	11,000	3,000	20,000
15. May 1, 2003	21,000	32,000	17,000	10,000	-9,000	17,000
16. April 1, 2003	17,000	36,000	21,000	12,000	1,000	21,000
17. March 1, 2003	17,500	31,000	17,000	9,000	-5,500	17,000
18. February 1, 2003	16,000	26,000	18,000	9,000	2,500	17,500
19. January 1, 2003	15,600	29,000	16,000	10,000	-2,600	16,000
20. December 1, 2002	19,300	30,000	16,000	10,000	-7,700	15,600
21. November 1, 2002	13,000	29,000	19,000	12,000	8,300	19,300
22. October 1, 2002	11,800	31,000	13,000	7,000	-9,800	13,000

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

**

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding.
The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	September 1, 2003	2,610	13,499	204	188	16,501
3.	August 1, 2003	3,408	13,315	159	294	17,176
4.	July 1, 2003	5,396	14,681	660	266	21,003
5.	June 1, 2003	3,271	15,302	921	232	19,726
6.	May 1, 2003	2,488	14,049	296	260	17,093
7.	April 1, 2003	5,094	15,564	566	300	21,524
8.	March 1, 2003	2,101	12,609	2,037	253	17,000
9.	February 1, 2003	1,377	12,262	3,533	328	17,500
10.	January 1, 2003	2,413	10,257	3,061	269	16,000
11.	December 1, 2002	2,454	8,668	4,322	156	15,600
12.	November 1, 2002	2,316	11,820	4,979	185	19,300
13.	October 1, 2002	1,642	6,933	4,054	371	13,000

**

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag
1. September 30, 2003	18,078,025	XXX	18,078,025	17,134,783
2. June 30, 2003	15,751,083	7,438,994	8,312,089	810,628
3. March 31, 2003	13,005,372	8,171,134	4,834,238	170,615
4. December 31, 2002	16,139,543	8,571,077	7,568,466	32,002
5. September 30, 2002	13,464,862	8,422,539	5,042,323	-26,038
6. June 30, 2002	12,854,975	7,281,232	5,573,743	-34,307
7. March 31, 2002	6,986,787	7,422,209	-435,422	-11,225
8. December 31, 2001	6,596,249	6,495,420	100,829	1,569

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

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NOTES TO FINANCIAL STATEMENTS	
1.	See Sheet3 - Summary of Significant Accounting Policies
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KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.	The cost of health care services is expensed in the period the Alliance is obligated to provide such services. The Alliance records a liability for claims which are expected to be paid after year-end for services provided to members during the year, including incurred-but-not-recorded ("IBNR") claims. The amount of the estimated liability is calculated based on any claims information available to the Alliance. Reserves are continually monitored and				
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	None				
3.					
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	None				
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	None				
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity		\$	34,071,622	
17.	Add: Subordinated Debt		\$	0	
18.	Less: Receivables from officers, directors, and affiliates		\$	0	
19.	Intangibles		\$	0	
20.	Tangible Net Equity (TNE)		\$	34,071,622	
21.	Required Tangible Net Equity (See Page 22)		\$	6,896,665	
22.	TNE Excess (Deficiency)		\$	27,174,957	
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees		\$	32,947,447	
24.	Administrative Costs		\$	2,599,446	
25.	Percentage			8	
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:		\$	2,787,953	
27.	Total costs for health care services for the immediately preceding six months:		\$	75,555,735	
28.	Percentage			4	

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be paid</u> to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

Full Service Plans		Specialized Plans	
	1		2
A. Minimum TNE Requirement	\$ 1,000,000	Minimum TNE Requirement	\$ 50,000
B. REVENUES:			
1. 2% of the first \$150 million of annualized premium revenues	\$ 2,635,796	2% of the first \$7.5 million of annualized premium revenue	\$
Plus		Plus	
2. 1% of annualized premium revenues in excess of \$150 million	\$ 0	1% of annualized premium revenue in excess of \$7.5 million	\$
3. Total	\$ 2,635,796	Total	\$ 0
C. HEALTHCARE EXPENDITURES:			
4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 6,896,665	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$
Plus		Plus	
5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$ 0	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$
Plus		Plus	
6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$ 0	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7. Total	\$ 6,896,665	Total	\$ 0
8. Required "TNE" - Greater of "A" "B" or "C"	\$ 6,896,665	Required "TNE" - Greater of "A" "B" or "C"	\$

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

		1
1. Net Equity	\$	34,071,622
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	34,071,622
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	34,071,622
ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):		
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):		
<u>PART A</u>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING		
14. Line 5 (above)	\$	34,071,622
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	34,071,622
If Line 14 is less than Line 15, then monthly reporting is required		

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

SCHEDULE A-1 (CASH)

1 Name of Depository (List all accounts even if closed during the period)	2 Account Number	3 Balance*
1. Bank of the West-Concentration	602003543	2,775,430
2. Bank of the West-Payroll	602003501	(14,025)
3. Bank of the West-Trade A/P	602003477	(312,491)
4. Bank of the West-Mellon	037-1899	(1,660,827)
5. Bank of the West-Investment Sweep	602002503	10,814,535
6. Bank of the West-Application Escrow	602007783	22,947
7. Bank of the West-Merchant	602012841	795
8. Fremont Bank	02-94598-3	1,639,748
9. Fremont Bank	02-94599-1	50,246
10. Fremont Bank	02-72060-4	3,077,572
11.		
12. Total Cash on Deposit		16,393,930

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101 Consulting Services	108,634	108,634
3102 Bank Fees	10,265	10,265
3103 Temporary Help Services	86,719	86,719
3104 Commissary-Food & Beverage	7,487	7,487
3105 Computer Support Services	88,853	88,853
3106 Courier/Delivery Service	2,880	2,880
3107 Design & Layout	28,581	28,581
3108 Hardware (Non-Capital)	2,130	2,130
3109 Insurance	41,281	41,281
3110 Leased and Rented Office Equip	1,835	1,835
3111 Legal Fees	4,193	4,193
3112 Licenses, Permits and Fees	109,410	109,410
3113 Mailing Services	4,142	4,142
3114 Maint.& Repair-Office Equipmen	13,059	13,059
3115 Maint.&Repair-Computer Hardwar	44	44
3116 Member Services-Transportation	0	0
3117 MIS Software (Non-Capital)	2,638	2,638
3118 Miscellaneous Expense	0	0
3119 Office and Other Supplies	23,050	23,050
3120 Other Purchased Services	37,109	37,109
3121 Payroll Fees	4,662	4,662
3122 Postage	62,503	62,503
3123 Pre-printed Materials and Publ	1,110	1,110
3124 Printing Services	105,775	105,775
3125 Staff Development/Training	13,570	13,570
3126 Staff Recruitment/Advertisemen	3,639	3,639
3127 Subscriptions & Dues	42,449	42,449
3128 Telephone	10,579	10,579
3129 Translation Services	9,499	9,499
3130		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	826,096	826,096

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates.

Cash & Investments

The Company considers all highly liquid instruments with a maturity of three months or less at the time of purchase to be equivalents. The carrying value of cash and equivalents approximates fair value because of the short-term maturity of those investments.

Fair Value of Financial Instruments

The carrying value of financial instruments such as premium and other receivables, estimated claims payable, accrued medical incentive pool, accounts payable and surplus distribution payable approximate their fair values.

Reinsurance (Stop-Loss Insurance)

The Alliance has entered into certain reinsurance (stop-loss) agreements with third-parties in order to limit its losses on individual claims. Under the terms of these agreements, the third-parties will reimburse the Alliance certain proportions of the cost of each member's annual hospital services, net of specified deductibles, up to a maximum of \$1,000,000 per member per contract year. Reinsurance premiums are recorded as health care operating expenses and recoveries are recorded as a reduction of these premiums.

Computer Hardware and other Fixed Assets

Computer hardware and other fixed assets are stated at cost and depreciated over the useful life of the asset.

Restricted Cash

The Alliance is required by the Department of Managed Health Care to restrict \$300,000 cash for the payment of member Claims in the event of insolvency. Restricted cash set aside to meet these requirements was \$350,000 at September 30, 2001. Restricted cash comprised of a Federal Mortgage Home Loan Bank Note and a US Treasury Note stated at par value.

Health Care Services Cost Recognition and Estimated Claims Payable

The cost of health care services is expensed in the period the Alliance is obligated to provide such services. The Alliance records a liability for claims which are expected to be paid after year-end for services provided to members during the year, including incurred-but-not-recorded ("IBNR") claims. The amount of the estimated liability is calculated based on any claims information available to the Alliance. Reserves are continually monitored and reviewed, and as reserves, (projections of historical developments and utilization data), are adjusted, the differences are reflected in current operations.

Capitation, Surplus Distribution and Incentive Pool Distribution Arrangements

The Alliance has arrangements with hospitals and physicians whereby capitation payments, (agreed-upon monthly payments per member), are made in return for provisions of customary health care services. Some capitation arrangements also provide for certain fee-for-service payments. In each fiscal year beginning with FY 97-98, the Alliance was a party to certain risk sharing pool distribution arrangements related to agreements with various physician and hospital providers. To the extent that utilization compares favorably to targeted amounts as specified in the agreements, the Alliance shall distribute risk sharing amounts to the providers.

The management of the Alliance believes the recorded estimated claims payable and accrued medical incentive pool balances are reasonable; however, there is an absence of a significant amount of historical claims experience, as the Alliance began operations in January 1996, which may impact the assumptions inherent in the determination of the liabilities. Accordingly, the ultimate settlement of outstanding claims and estimated losses may vary significantly from the estimated amounts included in the accompanying financial statements.

Premium Revenue Recognition

Premiums are recorded as revenue in the month for which enrollees are entitled to health care services. Premiums are received from the State of California for enrolled members on a capitated and pre-paid basis. A portion of premiums is subject to possible retroactive adjustment. Provision has been made for estimated retroactive adjustments to the extent the probable outcome of such adjustments can be determined.

Malpractice Coverage

The Alliance maintains its insurance coverage through outside vendors in the form of "Claims-made policies". Should the "Claims-Made" policies not be renewed or replaced with equivalent insurance, claims related to the occurrences during the terms of the "Claims-Made" policies but reported subsequent to their termination may be uninsured. These policies were renewed subsequent to the year end. Physicians and hospitals that the Alliance contracts with are required to maintain their own malpractice insurance coverage.

Income Taxes

The Alliance is a public entity established pursuant to Section 14087.54 of the State's Welfare and Institutions Code and is further subject to the provisions of Ordinance No. 0-94-13 and related resolutions of the Board of Supervisors of Alameda County. As a public entity defined by the Internal Revenue Code Section 115, the Alliance is exempt from federal and state income taxes.

